

Congress of the United States

Washington, DC 20515

September 9, 2024

The Honorable Chiquita Brooks-LaSure
Administrator
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244

Dear Administrator Brooks-LaSure,

We have significant concerns and questions regarding the recent Centers for Medicare and Medicaid Services' announcement on July 29, 2024, relating to the Medicare Part D premium stabilization demonstration.¹ Well before 2025 plan year bids were submitted, there were flashing warning signs from prescription drug plans (PDPs) that seniors would face significant increases to their premiums in 2025 as a direct consequence of Biden-Harris policies.

The Inflation Reduction Act (P.L. 117-169) redesigned the Medicare Part D prescription drug benefit. The most notable changes to the benefit include increasing the liability on Part D plans in the catastrophic phase of the benefit, capping base premium growth for Part D plans by no more than 6% from the previous year through 2028, and capping beneficiary annual out of pocket spending at \$2,000, scored at roughly \$25 billion over 10 years by the Congressional Budget Office.²

As a result, in 2024 the average standalone Part D plan premium averaged \$48, representing a 21% increase compared to last year, and the number of plans available to seniors decreased by more than 10%.³ Now, your own bid data for 2025 shows the national average bid increased by 179% from the previous year for Part D plan sponsors.

The demonstration model takes three steps to address premium growth in the Part D program over the next three plan years. First, CMS proposes buying down Part D base premiums by \$15 for all participating PDP plan sponsors. Next, CMS proposes buying down premiums even further for specific Part D plan sponsors by capping year-over-year premium increases at \$35.

¹ <https://www.cms.gov/newsroom/news-alert/cms-releases-preliminary-2025-medicare-part-d-bid-information-and-announces-premium-stabilization#:~:text=The%20Part%20D%20Premium%20Stabilization,implementation%20of%20the%20IRA%20benefit>

² https://www.cbo.gov/system/files/2022-08/hr5376_IR_Act_8-3-22.pdf

³ <https://www.forbes.com/sites/sallypipes/2024/05/31/bidens-inflation-reduction-act-unravels-medicare-part-d/>

Finally, CMS is making changes to the risk corridors for eligible PDPs participating in the demonstration to provide “greater government risk sharing for potential plan losses,” according to CMS’ fact sheet. Importantly, none of these policy proposals were included in the IRA nor CMS’ Plan Year 2025 rate notice from earlier this year.⁴

To be clear, we have been long-standing supporters of market-based policies that are designed to keep premiums lower in Part D for seniors on fixed budgets. During the Trump Administration, premiums saw a 12% decrease between 2017-2021 demonstrating a stable and efficient program.⁵ In fact, at the time the Inflation Reduction Act passed, your own agency announced a 1.8% premium decrease between Plan Year 2022 and Plan Year 2023.⁶ These examples illustrate how effective the Part D program can be in driving lower drug monthly drug spending for seniors and underscore why direct government interventions are ineffective if they are not carefully undertaken with a full understanding for the potential downstream effects.

Your demonstration, however, takes the opposite approach and puts increased burden on hard-working taxpayers that will only cause more long-term uncertainty in this critical program and drive higher spending for years to come. Despite the statute not requiring Section 402 demonstrations to be budget neutral, the Office of Management and Budget in addition to CMS have previously indicated their policy preferences for these demonstrations to be budget neutral. We therefore have substantial long-term budgetary concerns that could impact the viability of the Medicare program, especially the Medicare Part D program because your agency notes you expect this to cost taxpayers \$5 billion in 2025, and possibly much more in subsequent years.⁷

To address these outstanding concerns, we request answers to the following questions by Friday, October 4, 2024. Written responses should be directed to Brian Fahey (brian.fahey@mail.house.gov) and Stephen Voljavec (Stephen.voljavec@mail.house.gov).

1. As noted, our understanding is CMS heard from PDPs that premiums would skyrocket under the Part D redesign. Yet, CMS only announced the demo program with one week for plans to participate. What was the first indication CMS had from plans that premiums would increase for FY2025 before the formal bids were submitted?
 - a. Prior to the last-minute announcement of the demo program, numerous plans exited the Part D market by not submitting bids. These plans are no longer available to seniors. How many standalone PDPs have either pulled out of the market or reduced their plan offerings in PY2024 and PY2025?
 - b. Given the numerous warnings CMS had from plans and anticipated premium increases, why did CMS choose not to unveil this “voluntary” demonstration

⁴ <https://www.cms.gov/newsroom/fact-sheets/2025-medicare-advantage-and-part-d-rate-announcement>

⁵ <https://www.cms.gov/newsroom/press-releases/trump-administration-announces-historically-low-medicare-advantage-premiums-and-new-payment-model>

⁶ <https://www.cms.gov/newsroom/news-alert/cms-releases-2023-projected-medicare-basic-part-d-average-premium>

⁷ <https://subscriber.politicopro.com/article/2024/08/biden-admin-to-spend-billions-to-blunt-spike-in-medicare-drug-premiums-00173308>

program during the rate notice process to give plans assurance of the stability of the market and allow for substantive feedback?

- c. Why did CMS only give PDPs a week to commit to the “voluntary” program?
2. It was anticipated premiums would rise because Congressional Democrats inserted a 6% premium cap for seniors in the IRA. When CMS provided technical assistance to Congressional Democrats, what was the estimated impact of the redesign on premiums?
3. What are the average premium increases across bids for PY2025, including county-by-county data?
 - a. How does this data compare to historical averages?
 - i. Please provide a year-over-year chart of Part D premium increases as well as decreases.
 - b. How does this data compare to average premiums across bids between Plan Year 2023 to Plan Year 2025?
4. Now that CMS has participation numbers from standalone PDPs, have you done a full cost analysis of this demonstration?
 - a. If so, what is the projected annual cost of this demonstration, including the total three-year cost?
 - b. What does CMS’ actuary project will happen to Part D premiums at the conclusion of the demonstration?
 - c. How many plans will have the \$35 cap applied to them and what will this policy cost?
 - d. How many plans are expected to have their losses mitigated by the risk corridor changes and what is the expected cost of these loss mitigations?
5. Given OMB’s preference for these demonstrations to be budget neutral, did OMB raise concerns about the budgetary impacts and long-term viability of this model? If not, why not?
6. Why were Medicare Advantage Prescription Drug (MAPD) plans excluded from the demonstration?

Sincerely,



Brett Guthrie
Member of Congress



Vern Buchanan
Member of Congress



Larry Bucshon, M.D.
Member of Congress



Mike Carey
Member of Congress



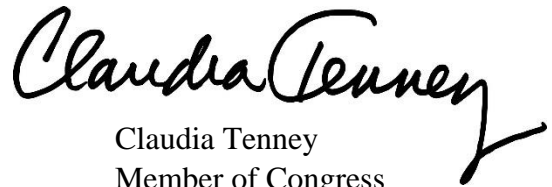
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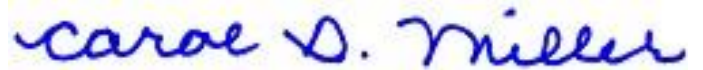
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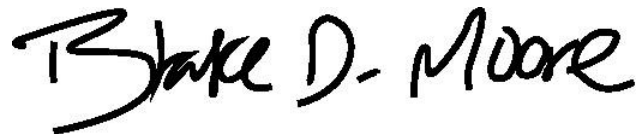
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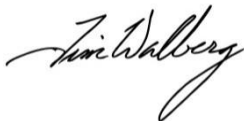
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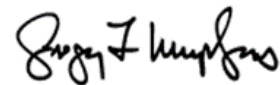
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